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A Weberian Study of Small, Prosperous Democracies: Comparing New Zealand and Finland

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Abstract:	Max Weber constructed ideal types highlighting economic, social, political or other values in objects of inquiry in order to utilize these ideal types in empirical studies. In this article Weber's ideal type the ideal type of Herrschaft— "domination"—is adapted first to examine New Zealand, and using New Zealand as baseline next to examine Finland. The asymmetric comparative design is applied along three dimensions of domination. In an economic dimension New Zealand highlights ways of countering threats of volatility and stagnation by means of retrenchment and fiscal austerity— characteristics also found in Finland. In a continuum from residual welfare for the worst off to universal welfare for all in the social dimension, New Zealand is situated closer to the former and Finland the latter end. In the political dimension, dismantling concentrations of political power but retaining capacity at the "center of government" receives emphasis in New Zealand, and counterparts can be also found in Finland.

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Introduction

It might appear that from among the world’s prosperous democracies, those with large populations present the models and the others hardly more than emulate. However, the predicament of small, highly developed solid democracies comprises a research domain in its own right (Katzenstein, 1985; Schwartz, 2010; see also Esping-Andersen 1990). We can do more than arrange each of these small countries into cells of typologies according to their economic, social and political characteristics, but we can also launch more detailed studies including limited-scale comparative inquiries on the same countries.

Control of anachronisms is part and parcel of historical research but is often important also in political and social research (Palonen, 2012). In careless anachronisms present-day notions are crassly employed to consider past things and ideas, or past notions used to consider present things and ideas without due care. Dealing with anachronisms poses definite challenges in this article, applying *Max Weber*’s methodological views from among the classics. The application of Weber’s views in the article is focused upon one from among his constructs called “ideal types” (Weber, 1949a; a newer translation in Weber)—the ideal type of *Herrschaft* or “domination” (Weber, 1978, p. 53). Building upon this ideal type, New Zealand is empirically examined, and using the resulting study as baseline the examination becomes comparative and extends to Finland.

Both New Zealand and Finland have land areas of about 300 000 square kilometers and populations of around five million. Both have had market economies without interruption, established democracies early, and have revised their constitutional orders since the 1980s. They belong to the least corrupt countries (Transparency International, 2015), and have been pruning their welfare states (Deeming, 2013; Kangas and Saloniemi, 2014) Finland is a member of the

European Union and its euro area and is oriented towards the EU in its foreign trade, whereas New Zealand in the antipodes of Europe directs its trade routes mostly elsewhere, and is a committed member of the Commonwealth of Nations whose initiator Britain is exiting the EU.

The discussion starts with a consideration of Weber's methodology of ideal types and continues with the approach, research design, research material, and research questions. Subsequently, in three empirical sections domination in New Zealand is considered in an economic, social and political dimension, and Finland is empirically examined along the same dimensions. The last section is comprised of conclusions and a discussion.

Weber's Methodology of Ideal Types

Weber insisted for value-free research in which the values of the researcher do not interfere with the evaluation of research objects (Weber, 1949b; a newer translation in Weber, 2012). For Weber, social research proper must possess "value-relevance" (*Wertbeziehung*)—each ideal type must adequately convey the value-ladenness of its empirical subject matter (Weber, 1949b; for the German terms and expressions see Weber, 1988). Weber (1949b, p. 190, original emphases) wrote:

An ideal type is formed by the one-sided *accentuation* of one or more points of view and a synthesis of ... *concrete individual* phenomena, which are arranged according to those one-sidedly emphasised viewpoints into a unified analytical construct (*Gedankenbild*).

The control of anachronisms precludes in this article those present-day approaches, in which values are understood to comprise propensities of individuals influencing their intentions and behavior. For Weber, values impregnate complex series of actions such as traditions, conventions, practices, policies, and institutions.

Weber jointly examined values in an axiological way, focusing upon ideas that comprise axiomatic premises in strife towards values, and a teleological way, accounting for means to ends in concrete situations (Bruun, 2016; Weber, 1949b, 1994a). Weber traced contradictions in the premises indicated, such as misconceptions about what the adequate premises really are in each case. Weber also examined conflicts that arise from various reasons, such as the unacceptability of certain means on ethical grounds, the adverse side effects of using means to reach ends, or irreconcilability between different values grounding alternatives paths of action.

Weberian ideal types first and foremost comprise methodological devices (Weber, 1949a; Ringer, 1998; Aronovitch, 2012). Weber utilized both historical and contemporary empirical material on nearby and distant countries to construct his ideal types. In this article what is distant to the established location of the researcher—New Zealand—is used as baseline to examine what is situated in this location—Finland.

Approach, Design, Research Questions, and Research Material

Approaching Domination the Weberian Way

Weber’s notion of *Herrschaft*/domination must be comprehended against the background of his general account of social relations, which he understood to prevail by the chance that people subject to these relations act in the terms of these relations. Relations of domination comprise a specific type of such contingent relations. Domination is comprised of the chance that a command issued with a specific content receives compliance among those to whom this command is addressed (Weber, 1978, p. 53).

Weber’s notion of domination does not refer to crushing opponents by means of physical force but to contingent obedience occurring within institutional orders, each of which has specific

grounds of legitimation. From among the three types of such grounds (Weber, 1978, p. 215–216), the first one is comprised of traditional grounds, such as sanctified with reference to supernatural beings or by mere convention. The second one is comprised of charismatic grounds vested in the belief of those subject to domination in the extraordinary virtues and competencies of those issuing orders. The third type has two subtypes. Legally rational grounds are comprised of conventional law such as common law or a hierarchical legal order of written legal norms with constitutional norms at the apex. Economically rational grounds are comprised of the calculability of relationships between ends and the means to reach these ends, and the calculability of the side effects.

Sensitivity to anachronisms does not preclude analogies. For instance, nothing prevents seeing an analogy to “governance” (Norris, 2012; Bevir, 2013) in Weber’s notion of *Herrschaft*/domination. However, identity is lacking between two notions and the equating the two is sanctioned at the risk of anachronism.

Weber’s division into traditional, charismatic, legally rational and economically rational domination comprises a theoretical abstraction, whereas he mixed these dimensions in empirical research. For instance, he recognized that real-world economic activity may have other than economically rational grounds, and characterized politics as a hybrid of the influences of charismatic political leadership and charismatic value appeals mobilizing people, legal and economic rationality, and influences of traditions (Weber, 1994b).

Research Design and Research Material

One of the fundamental question of research design concerns the number of objects of the empirical world to examine, zero (in simulation, March & al. 1991), one (in single-case studies), two, or more, and a fundamental operation in many designs is comprised of comparison such as comparison between countries: two (Castles, 1985; Kuisma, 2016; this article), a smaller or larger few (Esping-

Andersen, 1990), or more (Gallagher, 2015). Both “public domain” criteria (Peters, 1998) and specialized criteria (Gerring, 2007, pp. 86–150) have been offered to determine the number of the research objects to examine.

Insofar as empirical generalization is required, it is difficult to impossible to satisfy the relevant statistical criteria in two- or few-country studies, whereas many-country studies satisfying these criteria may suffer from thinness as concerns historically and culturally unique country contexts. Some few-case studies have earned a good reputation once their authors have been able to convey the rich configuration of institutional conditions that have enabled action insofar as the actors have been able to utilize the available opportunities, and to account for the subtle differences between conditions making certain occurrences possible in some countries but impossible in others (Moore, 1966; Skocpol, 1979).

Efforts have been made to elaborate what case studies in general and comparative case studies in particular can achieve insofar as their merits could not be sought from empirical generalizations. Yin (2010) calls “analytic generalization” procedure to indicate how the findings of a case study bear upon a certain theory and imply the explication of other cases by means of this theory. Blatter and Haverland (2012) characterize the “possibilistic generalization” of two-, few- or more-case studies, advancing from a configuration that has contributed to a given outcome in a given context to one or more suitably revised configurations in one or more other contexts. Applying Weber’s ideal type of domination to empirically examine New Zealand and utilizing this examination to examine Finland bears analogy to possibilistic generalization in that the configuration first identified is used as baseline in empirically examining another country.

This article represents the genre of two-country comparative studies. A specific methodological characteristic is comprised of the asymmetric research design with New Zealand examined first and using this examination as baseline to examine Finland.

In this article secondary research material is utilized , comprised of previous academic studies, public documents from New Zealand and Finland, publications of official and other international organizations, and public domains sources. The asymmetric research design with New Zealand as baseline to examine Finland helps avoid the spuriousness of research material that had threatened in a symmetric two-country comparative design. The design applied only has made it necessary first to examine New Zealand and then acquire research material on Finland to address issues that received emphasis in examining New Zealand, but did not require research material on New Zealand on issues first found relevant in examining Finland.

The Empirical Research Questions

In this article answers are sought to two empirical research questions:

1. What characterizes the economic, social and political dimensions of *Herrschaft*/domination in New Zealand, with special reference to values in these dimensions?
2. What characterizes Finland in the economic, social and political dimensions of *Herrschaft*/domination with special reference to values that the examination of New Zealand pinpoints?

In the three following sections an economic, social dimension and political dimension of domination in New Zealand are elaborated. At the beginning of each section a specification is given to the dimension in hand. As indicated, within each section the empirical examination of New Zealand is utilized as baseline to examine Finland.

The Economic Dimension: Moderating Volatility, Avoiding Stagnation

We find a definite connection of the economic dimension examined in this section with Max Weber’s ideal type of *Herrschaft*/domination in its subtype with legitimation on economically rational grounds. However, following Weber, applying any ideal type in empirical research requires adaptation to account for other grounds of legitimation that may come into play.

The idea that the values resulting from the calculation of individuals concerning their own advantage mediated by economic markets should rule without regulation has enjoyed variable support ever since the work of Bernard Mandeville from among the classics (Mandeville, 1988). However, in many studies accounts of what correspond with Weber’s economically rational legitimating values mix with considerations of legally rational, charismatic and traditional legitimating values (see, e.g., Katzenstein, 1985; Hall et al., 2001; Starke, 2006),

Longer-Term Dynamics in the Economic Dimension

New Zealand belongs to countries with a high gross domestic product per capita, and Finland is no different. However, the substantial income inequalities in New Zealand in comparison with reference countries have cast a shadow on the value of its general economic prosperity both in international comparison and within this country itself (OECD, 2013; Rashbrooke, 2013). As to Finland, values of economic equality have lately relatively lost in importance and income disparities have risen more rapidly than in most other OECD countries although from a base of substantial income equality (OECD, 2013; Kangas and Saloniemi, 2014).

For over a hundred years, New Zealand has succeeded in generating substantial economic value and maintaining a reasonably high level of economic development with an economy that has not abandoned its original natural resource base. The Finnish economy does not lack a natural resource

base, either; agriculture and agro-industries in the former country finds a counterpart in forestry and forest industries in the latter. However, as export diversification comprises a common economic value, it is relevant that New Zealand has one of the least diversified export portfolios among the highly developed economies, whereas Finland's is one of the most diversified (Harvard University and MIT, 2014, 2015).

Recent export trends have generally distributed value to New Zealand but away from Finland. The turn of the earlier long-time global downward trend in food prices to a rising trend since the early 2000s has worked to New Zealand's advantage (FAO, 2014). During 1995–2011, the share of industrial products in New Zealand's exports declined rather than increased. In Finland during the same period the export share of machinery and electrical products (27 per cent in 2011) surpassed the share of forest industry products (20 per cent). However, looking closer reveals a collapse in the share of high technology products in Finland's exports from 23 per cent in 2000 or one of the highest in Europe to 6 per cent in 2013 or one of Europe's lowest, brought about by the changing fates of the national champion company Nokia. In the mid-2010s the share of high technology exports of total manufactured exports from New Zealand and Finland was exactly the same—nine per cent (World Bank, 2016).

Economic Volatility and Stagnation

New Zealand's economic development has been marked with periods of volatility and decline (Table 1). These characteristics have played roles in attracting New Zealanders abroad, and possibly one million of them live in Australia or elsewhere overseas (Statistics New Zealand, 2012). These characteristics direct one to seek analogous characteristics in Finland.

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Up until World War One, or after becoming one of the world’s most prosperous countries during a period in which Finland was an economic laggard, New Zealand generally developed at the pace of the leading economies, whereas Finland was slowly catching up. New Zealand did not become a direct theater of World War Two, although joined the allied and contributed in many ways, whereas Finland waged war in its borders almost continuously in 1939-1945 and needed time till the 1950s to recover. After World War Two, both economies grew vigorously, although Finland suffered chronically from high volatility in its economic development, and went through a painful transformation of occupational structures from the predominance of agriculture and forestry to the predominance of services. Between the 1950s till the early 1970s, this transformation catalyzed the emigration of one-tenth of the Finnish population to Sweden, although many of those who had left returned later (Kangas and Saloniemi, 2014).

Britain’s EEC membership since 1973 hit New Zealand hard from the viewpoint of economic values. Bilateral trade agreements between the two countries had to be annulled, and these countries had to end their mutual preferential treatment of imports (Nixon and Yeabsley, 2016). The share of Britain, accounting for two-thirds of New Zealand’s exports in the mid-1950s and over one fourth in 1973, declined to ten per cent by the early 1980s and later lower (Statistics New Zealand, 2014). Until the 1990s, New Zealand failed to reap high values of economic development but lagged behind the other OECD economies in GDP per capita terms.

Finland experienced a difficult foreign trade transformation since the cessation of bilateral trade immune to global trade cycles with the Soviet Union in 1990. This transformation was a major force pushing Finland into a GDP fall for three consecutive years in 1991–1993, the other influence comprising the inability of the banks to manage in the lately deregulated financial markets, leading to government funding once it decided to put more value on bailing out most of the ailing banks rather than letting them go under (Kiander and Vartia, 2011; Gorodnichenko, et al., 2012). The

rescue cost of the banking system was 50 billion euros, or corresponding to one-fifth of Finland's annual GDP. Soon, generally experienced a positive value those days, the dissolution of the Soviet Union in 1991 catalyzed a process that allowed for Finland's membership in the European Union, starting 1 January 1995.

Retrenchment, Recovery, and Resilience

Since the 1980s, New Zealand frequently received positive evaluations for its economic and fiscal policies from such organizations as the OECD and the IMF. It has had a lower public debt share of the GDP than reference countries, meaning one-third to 35 per cent during the early 2010s. Finland has one of the lowest public debt GDP shares in the EU, although exceeding 60 per cent by the mid-2010s and continuing to rise.

Unlike New Zealand and many other countries, Finland hardly has history of Keynesian demand management with public deficit spending during downturns, but shows evidence of high valuation of austerity policies both during up- and downturns (Vartiainen, 2011; more generally, Blyth, 2013). In 2011 from among the 27 member states of the EU, Finland was the only country except for Estonia and Luxembourg to comply with both foremost euro area criteria of the government budget deficit not exceeding 3 per cent of the GDP, and government debt not exceeding 60 per cent of the GDP (European Commission, 2011). What Finland had done voluntarily unlike most other euro area members until 2012, became compulsory once the Finnish parliament passed Act 869 of 21 December 2012, making the European economic policy regulations legally binding in this country.

Since the 1980s, New Zealand has been a common highly valued global example of economic and fiscal reforms for those implicitly supporting what are commonly termed "neoliberalism" and "monetarism". First under a social democratic Labour government and next a bourgeois National

Party government, New Zealand underwent drastic policy changes during 1984-1999 (Kelsey, 1999), and only some of these changes were cancelled or substantially moderated later on. Generally more extremely than in reference countries, the New Zealand financial markets were deregulated, foreign exchange controls removed, tariffs lowered, and subsidies to agriculture and industries removed or reduced. The redistribution of income and wealth by means of taxation became to be evaluated more negatively, government tax progression was reduced from 66 to 33 per cent, and more emphasis was put upon indirect taxation with a sales tax replacing a tax on goods and services (at 15 per cent since 2011).

New Zealand currently comprises one of the OECD member countries with the lowest share of taxes in relation to the GDP, whereas Finland nears the top (OECD, 2014a, 2015). In 2012, the GDP share of taxes was 33.0 per cent in New Zealand and 42.8 in Finland, whereas the OECD average was 33.7 (OECD, 2015). Despite these differences, both New Zealand's and Finland's tax reforms reveal subscription to analogous economic values. At the threshold of its EU membership in 1994, Finland replaced its national turnover tax with a value added tax (VAT) required in the EU (at a rate of 24 per cent since 2013). Finland has also decreased its government income tax progression from 44 to around 30 per cent, allowed the flat-rate municipal income tax rate to rise from 16.47 per cent on average in 1990 to 19.87 per cent in 2016, introduced a capital tax in 1993 inviting many better-off taxpayers to convert their salary income into capital income, and lowered the company tax step by step from 43 to 20 per cent.

The empirical examination also underlines gross differences in the economic dimension of domination between New Zealand and Finland. The latter country put an end to its national monetary policies in 1991 with unilateral pegging of its currency to the currency unit of the evolving EU (Kiander and Vartia, 2011), finalized once Finland joined the euro area in 2002. This solution has been later criticized on grounds of eliminating the devaluation of currency from among the economic policy tools, which has been problematic especially during Finland's prolonged

economic downturn since 2008 until beyond the mid-2010s. Finland's national tariff policies and its independent national policies of agricultural and industrial subsidization and industrial and trade regulation ceased at its EU membership. Considerable differences prevail in agricultural subsidization rates: 60 per cent in the non-EU countries Norway and Switzerland, 27 per cent in the EU including Finland since 1995, 10 per cent in the USA, 6 per cent in Australia, but only 1 per cent in New Zealand, which represents an extreme high in the valuation of unfettered market forces in the agricultural sector (OECD, 2009).

The Social Dimension: Residual and Less Legitimate, or Universally Legitimated but Costly

None of the four subtypes of Weber's ideal type of *Herrschaft*/domination can be assigned precedence in the social dimension, in which traditions, economically or legally rational management and charismatic features intermingle in complex ways. Often it is not clear to what extent public sector and voluntary sector social policies together represent values to help markets deliver better what is expected of them, or to what extent social policy values rather indicate disconnecting the lot of individuals, families, communities and vulnerable market actors from the effects of market allocation (Esping-Andersen, 1990).

Many researchers have constructed individual models of the welfare state or welfare state typologies as has been the case especially since the book of Esping-Andersen (1990). However, categorical assignment of individual countries into a given slot of a welfare state typology is problematic for reasons that include rapid changes in quite some countries (Vis, 2007).

For instance, New Zealand might have been earlier categorized as a "wage-earners' welfare state" (Castles, 1994) unlike the Nordic countries. However, in the latter countries important changes from "welfare" towards "workfare" have taken place more lately and besides, the wage- and salary-earners used to be favored also during the heyday of the Nordic "corporatism" with

institutionalized joint “tri-partism” with the state, the unions and the employers’ organizations deciding on numerous social policies. To take another example, despite that Esping-Andersen’s (1990) categorization of Finland among the “social democratic welfare states” has been staple, Finnish social democracy has been weak in comparison to Sweden, Norway and even Denmark throughout the period from World War Two. Insofar as social services are also taken into account, Finland’s welfare state model must be categorized together with counterparts in the Netherlands and Britain rather than core Scandinavia (Ahonen et al., 2006).

Longer-Term Dynamics in the Social Dimension

Welfare state values received implementation in New Zealand as one of the world’s first countries during its first Labour government of 1935–1949 (Castles, 1985; Deeming, 2013), whereas Finland was a welfare state laggard (Esping-Andersen, 1990; Kangas and Saloniemi, 2014). Statutory old age pension was introduced in New Zealand in 1898 and family allowance in 1926, but in Finland in 1938 and 1948, respectively. Statutory sickness benefits followed in New Zealand in 1938 and practically free health care in 1941, whereas Finland passed a Sickness Insurance Act in 1963 and introduced free or practically free health care in 1973. New Zealand started practically free secondary education by the 1940s, whereas Finland did the same step by step in 1972–1977.

Labour dispute arbitration and compulsory labour union membership were introduced in New Zealand in 1936. The former was abolished in 1987 and the latter in 1991, coinciding with a collapse in union membership. In New Zealand, trade union density—the share of employees who are union members—declined from 69 per cent in 1980 to 49 per cent in 1990 and 20-23 per cent during 2000–2011 (OECD, 2014b).

In the dominant value system of Finland employers declined to acknowledge the unions as legitimate negotiation partners before in 1940 in world and before 1944 in deed. Since 1968,

national collective bargaining expanded with “tripartite” agreements between the unions, the employers’ organisations and government. However, agreements between individual employers’ organizations and individual unions have not been rare, either (Bergholm and Bieler, 2013). Despite never introducing compulsory union membership, Finland has continued to have a high and only slowly declining union density or, for instance, 75 per cent in 2000 and 68 per cent in 2011 (OECD, 2014b).

In the Finnish social dimension of domination “corporatist” integration came to cover blue-collar, pink-collar and white-collar unions and the employers’ organizations. Besides salaries, the corporatism also concerns employers’ and employees’ social security fees, occupational health care for over two million employees, and the governance of the pension funds—with a GDP share of no less than 18 per cent— to pay private sector pensions but also many of the public sector pensions (Johanson and Sorsa, 2014). Despite that the Finnish employers have for years indicated their willingness to disconnect themselves from the corporatist arrangements and have taken steps to do so, these arrangements have been far from dismantled, and the values of tri-partite “corporatism” are far from extinct in Finland.

Pruning the Welfare State

New Zealand’s visibility as a representative of neoliberal and monetarist values in the 1980s and the early 1990s should not conceal the comparative leanness of its welfare state even before those decades (van Kersbergen and Vis, 2014, pp. 71–73, 82–84), although this conclusion does not apply to all welfare domains (Table 2). In comparison with OECD averages and Finland, New Zealand’s active and passive employment programs are limited, social welfare compensates a smaller part of the earnings lost during shorter-term unemployment, and pensions replace a smaller share of the pre-retirement earnings of higher income earners. New Zealand’s schools have lately performed

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3 better than the OECD average, whereas Finland has been a top performer within the OECD at least
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5 until more recent signs of relative decline. The OECD indicates educational inequality deriving
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7 from socioeconomic roots in New Zealand, which is a characteristic that has been pronouncedly
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9 absent in Finland (OECD, 2014c). As another distributional aspect, New Zealand represents values
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11 that indicate reliance upon markets and ability to pay substantially more than in Finland with fees
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13 upon domestic students of higher education and higher fees for foreign students, whereas Finland
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15 abolished its earlier low fees in the 1970s (Willemse and de Beer, 2012). However, the Finnish
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17 government nominated in 2015 has introduced substantial fees for foreign higher education students
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19 from the outside of the EU and the European Economic Area.
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30 General poverty, child poverty and income inequality have been substantially below OECD
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32 averages in Finland but correspond with OECD averages in New Zealand, where they have by no
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34 means been valued only positively (Boston, 2013). In comparison, the income inequality in New
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36 Zealand is no worse than proportional with its GDP PC in the OECD (see OECD, 2014d). The
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38 differences between New Zealand and Finland are modest or disappear in compensations to longer-
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40 term unemployed and pensions to recipients with low pre-retirement incomes. As a contrary sub-
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42 dimension of the social dimension, New Zealand has a more pronouncedly public system of health
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44 care than the OECD countries on average, or Finland (Jensen, 2008). Moreover, the Finnish
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46 government nominated in 2015 has announced definite steps towards further privatization in health
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48 care with possible increasing funding shares for the individuals patients themselves.
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52 In important respects the value basis of social welfare policies in New Zealand emphasizes the
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54 residual provision to the worst-off recipients rather than the distribution of substantial universal
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56 benefits to all citizens. The Finnish policies have rather emphasized values of universal welfare
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benefits requiring high tax rates but also providing legitimation for the tax burden (Esping-Andersen, 1990). In both countries measures of retrenching the welfare state have been carried out. In New Zealand many of these took place in the 1980s or somewhat later and were in many respects rapid and drastic. In Finland the welfare state has rather been retrenched by more invisible and politically less costly means of slow attrition, and in principle maintaining the values of the universal welfare distributing benefits for all citizens including the better-off rather than preserving let alone increasing benefits to the very worst-off (Juttila, 2011; Starke, 2006; Elmelund-Praestaecker and Klitgaard, 2012).

The Political Dimension: Dismantling Concentrations of Power, Maintaining Capacity at the Center of Government

In Weber's ideal type of *Herrschaft*/domination the subtype with legally rational grounds is tied with the political dimension examined in this section. However, this subtype is in remarkable respects thin. Therefore it is very relevant that Weber (1994), as indicated, emphasized the importance of the three other subtypes in empirically examining politics, meaning domination on traditional, charismatic and economically rational grounds.

Weber's combination of the axiological and teleological consideration of values has notable bearing for the theoretical specification of the political dimension. In this dimension, institutional arrangements including those concerning parliament debates (Palonen et al., 2014) exist to adjudicate conflicts by means of enhancing balanced deliberation *pro et contra* alternative ends and alternative means to these ends (see, e.g., Dryzek, 2012). Charting the route towards legitimately accepted ends with legitimately acceptable means without excessively harmful side effects comprises another concern.

Value conflicts arise in seeking for balance between the executive powers of government and avoidance of excessive concentrations of power, or balance between the representativeness of parliaments and assertive political executives. Further conflicts arise between providing for what the citizens want and need and the exigencies of funding by means of taxes, fees, and public debt. Solutions to balance power may bring about derivative conflicts, such as those between a strong executive head of state and a prime minister responsible before parliament. (On the indicated value conflicts, see, e.g., Savoie, 2009; Fernandes and Magalhães, 2015; Blais et al., 2016.)

Longer-Term Dynamics of the Political Dimension

New Zealand was declared to be under British sovereignty in 1841, and its first own parliament met in 1854. The 1947 adoption of the Statute of Westminster made an end to unilateral British Parliament legislation on New Zealand. The country has no written constitution and has retained the British monarch as its head of state, and applied a first-past-the-post electoral system until a reform that took effect in 1996. (Sources of this paragraph include Te Ara, 2016; Cabinet Office, 2008; King, 2003.)

Once Russia had conquered Finland from Sweden in 1809, the Russian emperor swore to maintain the constitutional and other legislation inherited from Sweden in the new statelet with the emperor himself as its Grand Duke. Finland received an autonomous administration, but its parliament of four estates was not called to convene before 1863. Since 1907, universal suffrage and a proportional electoral system using the d'Hondt formula to translate votes into parliament seats are applied (Raunio, 2005). Parliamentary government evolved in 1917 a few months before independence. Finland adopted a republican form of government in 1919 with strong executive presidency. However, the first four presidents elected until World War Two rarely intervened in daily politics, although most prime ministers of the generally short-lived governments did not

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3 evolve as strong executives, either (Table 3). (For sources to this paragraph, besides public domain
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5 sources, see, e.g., Jussila et al., 1999.)
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14 New Zealand's parliament has been rarely dissolved and other interventions in the part of the
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16 head of state function have also been rare. From the 1930s till the 1990s one-party governments
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18 supported with parliament majority comprised the rule, and many governments continued operation
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20 from one electoral period to the next (Table 3). In Finland the 1919 constitutional relationships
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22 between the organs of state were in effect until the 1980s. The dissolution of parliament by the head
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24 of state was common. Although many of Finland's governments from 1917 to the 1980s were
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26 multi-party coalitions with majority in parliament, there were also minority governments and so-
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28 called civil servant governments without party political identification (Table 3).
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34 *Dismantling Concentrations of Political Power*

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38 Institutional changes in the political dimension of domination in New Zealand have been driven by
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40 negative evaluations of the concentration of power in government hands, especially during the pro-
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42 market reforms adopted since 1986 (New Zealand Parliament, 2014; Kelsey, 1999). New Zealand
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44 opted for electoral system change that took effect in 1996, replacing its first-past-the-post (FPP)
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46 electoral system with a mixed member proportional system (MMP) with a close equivalent in the
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48 Federal Republic of Germany (Boston, 2011). Omitting the technical details of MMP, as a result of
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50 the reform remarkable proportionality was substituted in the New Zealand electoral system for the
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52 preceding considerable disproportionality (Table 4.).
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56 Despite MMP, in New Zealand majority governments let alone grand coalitions between parties
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3 have been absent by and large. Since its electoral reform except for the years 1996–1998, New
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5 Zealand has had minority coalitions and single-party minority governments. Smaller parties have
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7 joined government coalitions without ministerial portfolios or, more moderately, exchanged
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9 confidence, supply, cooperation or mutual understanding with the government (Boston, 2011;
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11 Boston and Bullock, 2012).

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16 TABLE 4 ABOUT HERE
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21 Measures to moderate executive power evaluated as excessive have not been alien to Finland,
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23 either. In 1919, the monarchist faction in Finland’s parliament had accepted the republican form of
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25 government only on condition that a president elected for a six-year term would wield the
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27 prerogatives of a “republican monarch” (for this term, see Duverger, 1980). As indicated, before
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29 World War Two the Finnish presidents seldom intervened in daily politics. However, since 1956
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31 this unwritten convention changed, and in final evaluation leading to excesses in using the
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33 presidential prerogatives.
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36 No constitutional norm had set limits to the number of consecutive presidential terms, and Dr.
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38 *Urho Kekkonen* continued as Finland’s president from 1956 to 1981 until ill health forced his
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40 resignation. The president used the right to dissolve parliament not only to open an impasse without
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42 ability of parties to form a government, but also to do away with a government he had come to
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44 dislike. The president also pressurized most political parties to support an extraordinary act passed
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46 in the order of making a constitutional amendment on a presidential continuation term for 1974–
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48 1978 (Jyränki, 2007). During the Kekkonen era the average duration of a Finnish government did
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50 not much exceed the average one-year lifespan of a government during pre-World War Two
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52 peacetime.
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Since 1987, the position of the Finnish president was moderated by means of constitutional amendments. The president lost the right to dissolve parliament except for on the initiative of the prime minister, the maximal number of a presidential terms was limited to two, the lost the previous foremost function in forming a new government, and the presidential deferring veto concerning parliament acts was substantially weakened. Power-sharing in foreign policy-making between the president and the government was also introduced, and ultimately European Union affairs were removed from the presidential domain altogether. More lately, the presidential role in presenting government legal proposals to parliament has been abolished. From among the 1919 presidential prerogatives substantial powers in national defence policies have been retained. Since the 1990s the prime minister acts as Finland's topmost political executive.

It is not known how much the Finnish constitutional changes may have contributed to the longevity of the country's governments since 1982 (Table 3). In any event, ever since this year all governments stayed over the entire electoral period until 2003, and even later the three government changes during an electoral period have been more comprised of reshuffling than fundamental transformations.

Capacity at the Center of Government

New Zealand evolved as one of the inheritors of the Westminster tradition, including the "elective dictatorship" that the first-past-the-post electoral system enables for one-party governments with strong parliamentary majority. It has been proposed that before 1996 the elective dictatorship in New Zealand was stronger than in other Westminster countries with substantially more value put upon ruthless reforms (Kumarasingham and Power, 2015). Even since 1996 most pre-reform institutional conditions for rapid reform stay, such as absence of powerful sub-national governments, absence of a bicameral legislature, absence of strong judicial review of legislation,

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absence of referenda, absence of a head of state with remarkable powers, and the absence of a written constitution. As a related characteristic, New Zealand’s government is heavily unitary although in remarkable respects devolved into organizations with claimed characteristics of fragmentation and “silos” (Jensen et al. 2014). New Zealand’s “center of government” essentially comprises the Department of Prime Minister and Cabinet coordinating policies and politics, Treasury as the center of the public finances, and the State Services Commission supervising the public service departments.

Observers in Finland preferring a strong center of government early ascribed positive value to New Zealand experiences disseminated by global experts (e.g., Schick, 1996). However, deep differences between New Zealand and Finnish political institutions put the grounds of many such positive evaluations into question. The Finnish center of government is stronger and more integrated rather than weaker and more divided than its New Zealand counterpart.

The Finnish Prime Minister’s Office has both comparable functions as its New Zealand counterparts and coordinates Finland’s EU affairs and government ownership in companies. The Finnish Ministry of Finance combines treasury functions, economic policy functions, government personnel management functions, and functions of government supervision of local self-government. Few strong and independent agencies can have been found under the Finnish government since the early 1990s, when contrary to global trends (Pollitt et al., 2004) the traditional independent agencies were dismantled. Unlike New Zealand, very few service-rendering organizations exist any more directly under the Finnish government. However, efforts to make the center of the Finnish government ever more unified and strong have been amplified by means of reports of the OECD (e.g., 2010). Unification and centralization projects have also been implemented (e.g., Raunio and Kekkonen, 2011), and a longer-term official scheme comprises integration doing away with separation into government ministries a.k.a. departments.

The wider context of the Finnish center of government is built upon remarkably different values than those in New Zealand. Finland comprises an established multi-party polity built upon values of the meticulous representation of the distribution of voter opinion in parliament and multi-party government coalitions. Conventions of buying unity by means of allowing parties of the coalition pet policies and saving these parties from their least liked policies have been hard to break, and establishing workable minority governments in the model Sweden, Norway, and Denmark has comprised no more than a dream thus far.

Contrary to New Zealand, in the wider context of the Finnish center of government important constraints can be found to capacity to implement reforms rapidly. Finland has self-governing local governments acting as an influential interest sector, and the Finnish government nominated in 2015 is establishing another self-governing sector comprised of self-governing regions. Finland has no bicameral legislature nor does the Finnish government often organize referenda, but judicial review has frustrated several rapid reform aims of the government, and Finland's 1999 written constitution is not as easy to amend as other legislation, either. The Finnish president also engages in power-sharing with government in foreign policies and retains powers in national defense policies. Moreover, rumors of the death of Finland's long-time tri-partite corporatism between the government, employers' organizations and unions have been grossly exaggerated.

Conclusions and discussion

In this article Max Weber's methodology of ideal types (Weber 1949a, b) and his ideal type of *Herrschaft*/domination have been utilized to examine domination in an economic, political and social dimensions in New Zealand and using this examination as baseline to examine domination in Finland. The emphasis upon "value-relevance" in Weber's methodology (Weber, 1949b) has

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directed the empirical examination of New Zealand to pay attention to values and to direct the further empirical examination upon similar, analogous or different values in Finland.

A contribution has been sought from applying methodological ideas of a classical author without allowing for anachronisms—especially projections between present and past theories. A more technical contribution has been suggested to arise from the asymmetric characteristics of the two-country comparative research design. According to this design, one country has been examined first and using the results as baseline the examination has extended to another country.

Similar and analogous but also different characteristics than in New Zealand were found in Finland in the economic dimension of domination. The similar or analogous characteristics include negative evaluations of volatility and stagnation and positive evaluations of resilience and stability without shying away from fiscal austerity. In New Zealand these characteristics have been more its membership in the EU and its euro area has rather been decisive.

In the social dimension of domination the examination of New Zealand emphasizes the relative leanness of the welfare state in this country. Finland has been situated closer to the Nordic universal welfare state model although not without exceptions. However, the examination also pinpoints problems in categorizing individuals countries into typologies of welfare states, let alone doing so without allowing for revisions over time.

In the political dimension of domination the examination of New Zealand underlines concerns with the concentration of executive political power deemed excessive on the one hand, and on the other viable political decision-making capacity at the “center of government”. Close analogies to this value conflict were also found in Finland. To moderate the concentration, in both countries constitution-level level reforms have been implemented. However, in New Zealand the effects of the reform have been partial in that important and influential contextual characteristics have stayed intact or changed little. Turning the examination to Finland indicates efforts towards strengthening

and centralizing a “center of government” that already is strong and centralized but without substantial reforms concerning the wider contextual ramifications of this center.

As a play of thought, a researcher knowledgeable about New Zealand rather than Finland could assume the latter country as the empirical baseline examined first to examine the former country next. There are few limits for the analogous examination of country pairs, triplets, or other limited sets of countries.

A researcher applying the methodology of Max Weber is likely to be asked what this methodology contributes in comparison with the alternatives it may have. The Weberian methodology of ideal types has directed this article to emphasize certain characteristics of economic, social and political domination first in New Zealand and next Finland, using New Zealand as the value-relevant baseline for the extended empirical examination. However, deliberating on the comparative merits of alternative methodologies *sub specie aeternitatis* falls outside the confines of this study that has focused upon elaborating methodological grounds for a comparative two-country empirical study applying methodological ideas of a classic of social research.

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Table 1. Gross Domestic Product per capita in New Zealand, Finland, and Selected Reference Countries, Selected Years.

Year	NZ	Finland	Australia	UK	USA	Sweden
Modified U.S. dollars						
1870	3,100	1,140	3,273	3,190	2,445	1,345
1900	4,298	1,668	4,013	4,992	4,091	2,083
1920	5,641	1,846	4,766	4,548	5,552	3,004
1938	6,462	3,589	5,886	6,266	6,126	4,901
1950	8,456	4,253	7,412	6,939	9,561	6,736
1970	11,189	9,577	12,024	10,767	15,030	12,716
1990	13,687	16,816	17,173	16,430	23,201	21,487
2010	18,886	24,290	25,584	23,777	30,491	25,306

Notes. The source of the table is *The World Economy*, 2014. GDP is measured by means of Geary-Khamis U.S. dollars taking into account the purchasing power differences between countries. NZ, New Zealand; UK, United Kingdom; USA, United States.

Table 2. Welfare State Characteristics in New Zealand, in Finland, and in the OECD in average.

Item	New Zealand	Finland	OECD
<i>Employment:</i>			
Unemployment, %	6.2	7.7	8.0
Active labor market programs, % ^a	0.27	0.93	0.58
Passive labor market programs, %	0.41	1.47	0.86
<i>Social welfare:</i>			
Gini index, mid-1990s ^b	0.335	0.228	0.310
Gini index, 2011	0.317	0.260	0.313
Disposable income decile 10%/90% ratio ^c	8.0	5.4	9.4
Poverty, % ^d	10.3	7.3	11.3
Net replacement rate, case A, % ^e	55	77	77
Net replacement rate, case B, %	55	57	49
Net replacement rate, case C, %	59	73	73
Net replacement rate, case D, %	59	50	22
<i>Health:</i>			
Health expenditures, % of GDP	10.3	9.0	9.3
Public expenditures, % of total for health	82.7	75.4	72.2
<i>Families and children:</i>			
Children below 18 living in poor families ^f	13.3	3.9	13.3
<i>Pensions:</i>			
Replacement rate after taxes, case A, % ^g	81.7	71.3	81.7

Replacement rate after taxes, case B, %	30.6	63.2	59.7
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Notes. If not otherwise stated, OECD, 2014d. The figures are from 2011 if not stated otherwise.

^a Public expenditure shares of the GDP for the active programs, and the next row for the passive programs.

^b The higher the Gini index value, the higher the income inequality. The index values express income inequality after taxes and transfers.

^c The ratio of the disposable income of the 10 per cent of the highest income earners to the disposable income of the other 90 per cent of income earners.

^d Share of population with 50 per cent or less of the median income.

^e Case A indicates the replacement of pre-unemployment earnings during initial unemployment in a family of two children with two parents both falling unemployed with average pre-unemployment incomes. Case B concerns a similar family but prolonged employment of 60 months or longer. Case C is equal with A except for with a single parent earning 67 per cent of the average income before unemployment. Case D is similar to C except for prolonged unemployment of at least 60 months.

^f Poor families are those with no more than 50 per cent of the median income.

^g Case A deals with the after-tax income of a pensioner whose pre-retirement income was 0.5 times the median income. Case B is similar except for a pre-retirement income 1.5 times the median income. On further questions such as voluntary pensions, see OECD, 2014e.

Table 3. Parliaments and governments in New Zealand and Finland and heads of state in Finland, 1910s to 2010s.

New Zealand		Finland		
1 Parliament	2 Government	3 Parliament	4 Government	5 Head of state
1914	(1915) (1919) (since 1912)	1917	1917, 1917, 1918, 1919	-
1919	-	1919	1919, 1920, 1921, 1922	1919
1922	(1925) (1925)	<u>1922</u>	1922, 1924	-
1925	None	1924	1924, 1925, 1925, 1926	1925
1928	1928 (1930) 1931	<u>1927</u>	1927, 1928	
-	-	<u>1929</u>	1929, 1930	-
1931	-	1930	1931, 1932	1931
	-	1933		
1935	1935	1936	1936, 1937	1937
1938	(1940)	1939	1939, 1940, 1941, 1943, 1944, 1944, 1944	1940 (1943)
1943	-	-	-	1944
1946		1945	1945, 1946	1946
<u>1949</u>	1949	1948	1948, 1950, 1951	(1950)
1951	-	<u>1951</u>	1951, 1953, 1953	
1954	(1954) (1957)	1954	1954, 1954, 1956, 1957, 1957, 1958	1956
1957	1957	<u>1958</u>	1958, 1959, 1961	-
1960	1960		-	-
1963	-	1962	1962, 1963, 1964	(1962)
1966	-	1966	1966, 1968	
1969	(1972)	<u>1970</u>	1970, 1971	1970
1972	1972 (1974)	<u>1972</u>	1972, 1975	(1974)
1975	1975	1975	1975, 1976, 1977	-
1978	((1978))	1979	1979, 1982	1978
<u>1981</u>	((1981))		-	-
1984	1984	1983	1983	1982
1987	(1987) (1989)	1987	1987	(1988)
1990	1990	1991	1991	1994
1993	(1993)	-	-	-
1996	(1996) (1997)	1995	1995	-
<u>1999</u>	1999	1999	1999	2000
2002	-	2003	2003, 2003	
2005	-	-	-	(2006)
2008	2008	2007	2007, 2010	
2011	-	2011	2011, 2014	2012

2014	-	2015	2015
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Notes: From public domain sources.

Column 1: The years indicate parliament elections. Years underlined indicate the election year of a parliament ultimately dissolved before the next elections.

Column 2: Boldface without parentheses, nomination of a new majority government with a governing party change or comparable change. Italics without parentheses, nomination of a new minority government. Single parentheses, change of ministry, usually including change of prime minister. Double parentheses, important reshuffling without prime minister change. Different sources indicate the ministries and their reshufflings in some respects in different ways.

Column 3: As New Zealand, column Parliament.

Column 4: In Finland the English word “ministry” refers to a government department, and the word “government” is used both to signify what in New Zealand are called “governments” and “ministries”. Boldface, majority government, italics, minority government, no emphasis, so-called civil servant government.

Column 5: Boldface without parentheses, election of new president by means of two-stage popular election, and boldface in single parentheses, re-election of a president by means of this procedure. Italics without parentheses, election of a new president by electors chosen by means of popular election, and italics in single parentheses, re-election of a president by means of this procedure. Absence of emphasis without parentheses, election of a new president by means of some extraordinary procedure.

Table 4. Gallagher Disproportionality of Electoral Systems, New Zealand and Finland, selected years.

New Zealand	Finland
16.63	2.33
(1981)	(1972)
15.40	3.22
(1984)	(1975)
8.89	2.68
(1987)	(1979)
17.24	2.19
(1990)	(1983)
18.19	4.98
(1993)	(1987)
3.43	3.24
(1996)	(1991)
2.97	3.81
(1999)	(1995)
2.37	3.24
(2002)	(1999)
1.13	3.16
(2005)	(2003)
3.84	3.20
(2008)	(2007)

Note. Gallagher, 2015. The Gallagher value is comprised of the square root of $1/2 \times \sum (v_i - s_i)^2$; v_i , votes to parties, s_i , their parliament seats.

For Peer Review